

Philippines

Capital: Manila
Population: 90.5 million (2008 estimate)
GDP:* \$466.632 billion (2006 estimate)
Currency: Peso
Language: Filipino and English



Summary

Philippine Motor Vehicle Sales 2007

	2007	2006	% Δ
Passenger vehicles	41,213	38,479	7.1
Commercial vehicles	76,690	61,062	25.6

2007 is an important year for the Philippine automotive industry. The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Truck Manufacturers Association (TMA) announced that the industry closed 2007 with 117,903 new motor vehicle sales. This 18.4% growth is attributed to strong economic activity, coupled with new models and the government's more active campaign against the importation of used vehicles. For 2008, the industry estimates a more conservative growth rate of 5% to 7%.

The dominance of commercial vehicles over passenger cars is attributed to the Filipino concept of owning a vehicle – it must be “multi-functional”. The Filipino's primary consideration for vehicle purchase is fuel cost and parts availability. They will purchase a vehicle that is relatively comfortable, easy to maintain, and makes use of affordable fuel. Aesthetics and safety are secondary considerations.

Current Market Trends

Average vehicle lifespan in the Philippines ranges from 10 to 15 years, hence the high potential for replacement parts. The market is dominated by low-end buyers (70% of the market), who strongly favor third party rather than OEM products.

A major obstacle faced by the domestic automotive industry is the proliferation of smuggled cars in the market. These used vehicles enter the country through the Subic Bay Freeport Zone or the Port of Cebu, and are auctioned off at much lower rates. On February 20, 2006, the Supreme Court has issued a ruling to clarify that “used motor vehicles that come into the Philippine territory via the secured fenced-in former Subic Naval Base area may be stored, used or traded therein, or exported out of the Philippine territory, but they cannot be imported into the Philippine territory outside of the secured fenced-in former Subic Naval Base area”. However, an executive from Ford Motors Philippines was quoted as saying that the Philippine government still has a long way to go in terms of curbing smuggling. While Ford commends the government's recent efforts, they, along with other vehicle manufacturers, would like to see more apprehensions. The industry believes the prevalence of smuggled used cars is more the result of insufficient enforcement of laws than the buyer's ability to pay.

Main Competitors

Japanese-made cars continue to dominate the market based on 2007 new vehicle sales. Toyota remains the market leader, followed by Honda, Mitsubishi and Isuzu. Ford has the fifth largest market share with 6.35%, while GM has 1.71%. The same market distribution is expected for 2008.

Main Competitors (continued)

Toyota	38.24%
Honda	14.65%
Isuzu	8.29%
Mitsubishi	12.73%
Ford	6.35%
Nissan	2.39%
Hyundai	5.16%
Columbian Autocar	2.37%
General Motors	1.71%
BMW*	0.68%
Volvo**	0.23%
Porsche & Audi***	0.16%

* BMW is distributed by Asian Carmakers

** Volvo is distributed by Scandinavian Motors

*** Porsche & Audi is distributed by PGA Cars

Note: Smaller, local vehicle manufacturers account for the remaining 7%

The Philippine automotive industry has a vibrant parts manufacturing industry. The Motor Vehicle Parts Manufacturers Association of the Philippines (MVPMPA) reports that the industry supports some 28,000 workers. These parts are either used by local car manufacturers or exported to countries like Japan, Thailand, Vietnam, and the U.S. In 2006 automotive imports reached over \$1.7 billion. Thailand is the leading third country exporter followed by Japan, Indonesia, and the U.S.

Current Demand

The best prospects for U.S. aftermarket manufacturers include:

- Engine Replacement - engines and associated parts including hoses, belts, filters, transmission parts, radiators, etc. to keep aging vehicles on the road.
- Body Parts and Mechanical Replacement such as fenders, axles, clutches (predominantly a manual transmission market), brakes, brake pads, mufflers and exhaust systems.
- Auto Electric - Batteries, light bulbs, air conditioners and compressors.
- Aftermarket products for Japanese brands
- Demand for service equipment and accessories, such as brake lathes, is growing as inventory ages.

Trade Events

Automekaniko Philippines 2008

October 8-11, 2008

SMX Convention Center, SM Mall of Asia, Pasay City

http://www.globalinkph.com/event_2008_automekanikoPhil.htm

Available Market Research

Automotive High Performance Parts (Nov 2007)

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